

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1431 – SB 1635

March 10, 2014

**SUMMARY OF ORIGINAL BILL:** Makes various changes to the Department of Revenue's processes for making tax assessments and holding taxpayer conferences, such as: authorizes, rather than requires, approval by the Comptroller of the Treasury and Attorney General for compromises of state tax liabilities; establishes that assessments by the Commissioner of Revenue are not final until after the taxpayer has had an opportunity to meet in an informal conference with the Commissioner or the Commissioner's designee, if a request for such conference is made within 30 days from the issuance of a proposed assessment; requires the Commissioner to schedule a conference within 10 days, rather than 20 days, from the date of the request; establishes that the proposed assessment will become final on the 31<sup>st</sup> day after the date of the notice of proposed assessment, if no request for an informal conference is made, or within 10 days of the conclusion of the conference, during which the Commissioner is required to provide a written notification of the Commissioner's decision regarding the assessment; and establishes certain characteristics that the informal conference process must have, including but not limited to: the right of a taxpayer to have the conference conducted by telephone or person; the right of a taxpayer to participate with or without representation; the right of a taxpayer to bring witnesses to in-person conferences; the requirement of personnel conducting the conference to exercise independent judgment with the objective of resolving disputed proposed assessments without litigation and to make determinations regarding individual issues based on the facts and the law; and the authorization of such personnel to make recommendations to the Commissioner that the Department compromise proposed assessments.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (013608):** Establishes that an informal conference with a taxpayer may be held to discuss, among other things, the denial or deemed denial of a claim for refund. Authorizes the Commissioner to publish or otherwise publicize guidance to taxpayers, practitioners, and Department personnel resulting from conference decisions, provided that no return or tax information is disclosed and that no conference decision shall be referenced or cited as precedence in any instance or guidance unless such guidance has been published or publicized as provided in this section.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- According to the Department of Revenue, the proposed revisions will improve and clarify the Department's processes for making assessments and holding taxpayer conferences and will not result in a significant fiscal impact to the Department.
- Any impact on state and local tax revenue is estimated to be not significant.
- According to the Comptroller of the Treasury and the Attorney General, the proposed revisions will not result in a significant fiscal impact.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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